

STATE OF NEW HAMPSHIRE

Inter-Department Communication

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AT (OFFICE): NHPUC

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SUBJECT: Intrastate Access Rate Reform

TO: Commissioners
Executive Director
General Counsel

On November 18, 2011, the FCC released *Connect America Fund et al.*, WC Docket No. 10-90 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, (rel. Nov. 18, 2011) (CAF Order), which required, in relevant part, that telecommunications carriers begin transitioning intrastate switched access to a "bill-and-keep" framework. Under the first step of this transition, carriers are to file tariff revisions with state commissions setting forth the rates that will apply to intrastate switched access services during the first part of the transitional period – July 1, 2012 to June 30, 2013. The calculations required to establish the revenues that will form the basis of those rates are set out in 47 C.F.R. §§ 51.907, 51.909, and 51.911. These reforms apply to both incumbent local exchange carriers and competitive local exchange carriers and are required to take effect on July 1, 2012.

The FCC rules require revenue from intrastate switched access rates be reduced by one-half the difference between the revenue from intrastate access rates recorded during a fiscal year defined by the FCC as October 1, 2010 through September 30, 2011 (FY 2011) and the revenue that would have been produced using interstate rates and FY 2011 intrastate demand. Carriers are required to calculate the allowed revenue and create a rate design to produce the allowed revenue. State commissions are expected to review the filings and validate the proposed rates conform with the FCC's rules.

Pursuant to its authority under RSA 365:5, Staff recommends that the Commission open a docket to investigate the tariff revisions proposed by the FCC in the CAF Order. To ensure that Staff may adequately review the proposed revisions to carriers' tariffs, Staff recommends that in opening a docket the Commission issue an order that:

1. Requires that all carriers expecting to charge intrastate switched access after July 1, 2012, file, on or by May 15, 2012, in an Excel spreadsheet, an account

of intrastate switched access revenue, by rate element and demand, for FY 2011 (October 1, 2010 through September 30, 2011); an account, by rate element, of revenue that would have been produced using interstate rate elements, interstate rates and corresponding FY 2011 intrastate demand; and, to the extent interstate rate elements are not identical to intrastate rate elements, an explanation of how the company addressed rate elements that did not match;

2. Requires all carriers expecting to charge intrastate switched access after July 1, 2012, to file proposed tariff changes, including the proposed rates and rate structure as described in the CAF Order, on or before June 1, 2012;
3. Requires that accompanying the proposed tariff changes be an explanation and related calculations demonstrating how the proposed changes were derived, and how they comply with the FCC order; and
4. Establishes an appropriate penalty for failure to file information required on the dates set forth above, which could include forbidding the collection of any access charges beginning on July 1, 2012 and continuing thereafter until a new tariff is approved.

Staff also recommends that the Commission make clear in any order it may issue that any tariff proposals made pursuant to the July 1, 2012 transition should be made separately and independently from any other proposed changes to the tariff, and that inclusion of other proposals may result in rejection of the proposed tariff filing.

Staff notes that in issuing an order, the Commission would be in line with the actions of other states in their implementation of the CAF Order's requirements.